

CYPRUS ANMIL

FIRST REPORT

1974

AR44

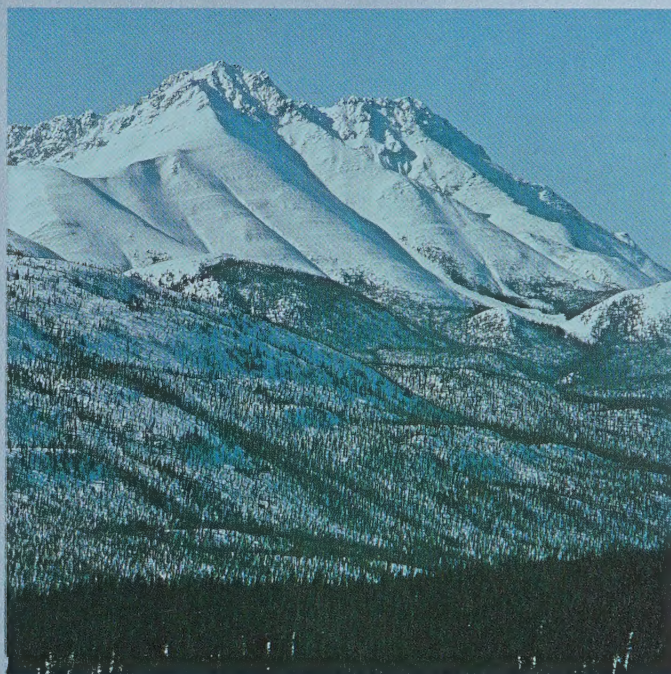


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Cover:

A quartet of photographs that portray the feel of life in Faro — the magnificent setting, the energy of the Cyprus Anvil operations, and the future in Canada's great north country.

Highlights—1974

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Financial

Total Revenues	\$128,462,763
Net Income	\$ 25,886,017
Per Share	\$ 3.40
Shareholders' equity	\$ 68,116,671
Per Share	\$ 8.94
Working Capital	\$ 7,045,989
Shares Outstanding	7,615,250
Number of registered shareholders	4,225

Production

Ore milled—dry short tons	2,925,000
Average grade of ore milled—% combined lead and zinc	10.11
Concentrate produced:	
Lead—dry short tons	148,517
Zinc—dry short tons	207,437
Mixed lead and zinc—dry short tons	72,294

Marketing

Payable metal—pounds of lead	192,743,000
—pounds of zinc	174,034,000
—ounces of silver	2,451,000
Average prices received—per pound of lead	26.8¢
—per pound of zinc	37.1¢
—per ounce of silver	\$4.77

To Our Shareholders

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This is the first annual report to our shareholders following the organization of Cyprus Anvil Mining Corporation through the amalgamation of Dynasty Explorations Limited and Anvil Mining Corporation Limited on April 21, 1975. Because this report follows so soon upon the amalgamation, it highlights the amalgamation and the activities of the two constituent companies preceding the amalgamation and especially during 1974.

Amalgamation

Anvil Mining Corporation Limited was a joint venture company owned 60% by Cyprus Mines Corporation of Los Angeles and 40% by Dynasty Explorations Limited of Vancouver. Late in 1973, the idea of amalgamation was developed to combine the operational capabilities and cash flow of Anvil with the exploration expertise of Dynasty. The amalgamated company would thus be able, through exploration and acquisitions, to develop new mines and thereby extend its life beyond the remaining life of the Faro ore bodies, which was the only mining activity carried on by Anvil.

Operations

The backbone of Cyprus Anvil is its lead-zinc-silver mine near Faro, Yukon. Further on in this report, there is detailed information about the mining, milling, transportation and marketing operations of Cyprus Anvil.

Although the physical environment of Yukon, where the mining operations are located, is harsh, Cyprus Anvil enjoys one of the best economic and political environments anywhere. Unlike the problems facing mining operations in most of the Canadian provinces where a conflict between the Federal and Provincial Governments has resulted in substantial tax burdens, the tax structure in Yukon remains such as to encourage increased mining activities. This is one of the reasons why the bulk of our exploration is in Yukon.

Now that the debt originally incurred to finance the placing of the Faro ore bodies into production

has been repaid, the cash flow from mine operations should provide sufficient funds for expanded activities and for our shareholders. The first dividend in the amount of 30¢ for the first two quarters of 1975 was declared in April immediately following the organization of Cyprus Anvil.

Plans for Growth

Since the amalgamation, Cyprus Anvil has taken over all the operations and exploration activities previously carried on by the constituent companies and is proceeding with a campaign of exploration and acquisitions with the objective of developing into a major Canadian resource company.

For its growth, Cyprus Anvil is placing great reliance on its exploration personnel whose programs are detailed further on in this report. Although most of the exploration programs are in Yukon, we are hopeful that the conditions in other parts of Canada will also justify exploration expenditures.

Apart from the program of exploration, Cyprus Anvil will be looking to acquisitions of promising mineral properties at any stage of development in Canada.

Because the organization of Cyprus Anvil was motivated to a great extent by a determination not to rely solely on the success of one mine alone, which has a limited life, but rather through utilization of the earning potential of that mine to provide long term opportunities for the shareholders and employees, Cyprus Anvil will be receptive to new and imaginative ideas for exploration and acquisitions.

Community—Faro

Cyprus Anvil is very proud of Faro which was established to service the mining operations and which is now the most modern and, in size, the second largest community in Yukon.

The quality of life at Faro is important both to our employees and to our corporation—to our employees in that it enables them to satisfy their own aspirations and to the corporation in that it encourages development of a stable labour force thus re-

ducing the inefficiencies and high operating costs which result from labour turnover.

Every effort has been and will continue to be made to create and develop in Faro a favourable environment in which our employees may establish themselves, raise their families and build for the future.

Outlook for 1975

This will be a difficult year yet, at the same time a challenging year for Cyprus Anvil.

It will be difficult because many of the problems facing the mining industry lie in areas beyond our control—worldwide recession and rapid inflation and the possible effects of these conditions on the demand and prices for lead and zinc. With such an uncertain outlook we are fortunate that the demand for our lead and zinc concentrates continues to be strong and that the current prices for these metals are showing comforting stability. There are developments indicating that the world economy might improve later this year which would benefit the entire mining industry.

The challenges we shall face in this year spring from the goals which Cyprus Anvil has set for itself and which are outlined in this report. Through exploration and acquisitions, we intend to develop new projects to build a broader base for our earning capability and, thus, for the greater use of our human and economic resources.

Management will be alert to the problems and difficulties ahead while at the same time welcoming the challenges.

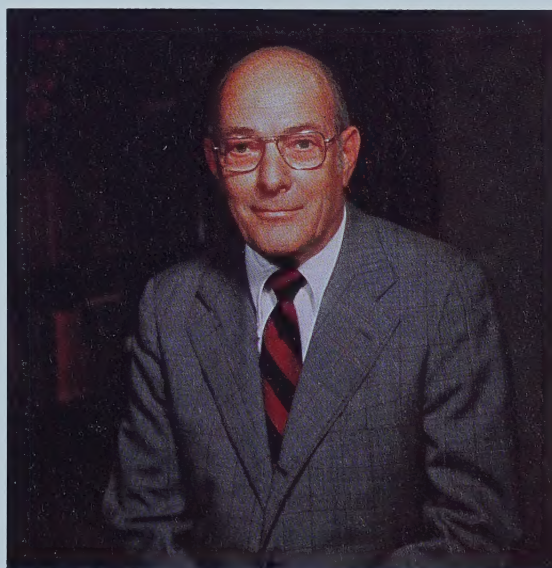
Appreciation

The directors and management of Cyprus Anvil express appreciation to our shareholders for their support in the amalgamation and to our employees for their contribution to our accomplishments. Cyprus Anvil is aware of its responsibilities as a corporate citizen—to its shareholders, its employees and the community within which it operates. With the help of all those involved, it is hoped that Cyprus Anvil will meet all these responsibilities.



John Bruk
Chairman of the Board

A handwritten signature in black ink, appearing to read "John Bruk".



Robert E. Thurmond
President

A handwritten signature in black ink, appearing to read "Robert E. Thurmond".

Cyprus Anvil Mining Corporation operates an open pit lead-zinc-silver mine and a 10,000 ton per day concentrator near Faro in the Yukon Territory.

In 1974, the fifth year of operation, mine production totalled 6,456,000 cubic yards, of which 5,536,000 cubic yards was waste stripping and the remainder was ore delivered to the concentrator. The concentrator treated a total of 2,925,000 tons of ore during the year, for an average daily throughput of 8,014 tons. The grade of the mill feed was 4.51% lead and 5.60% zinc, for a total combined feed grade of 10.11%. Concentrates produced during the year were: lead 148,517 dry short tons, zinc 207,437 dry short tons and bulk concentrate 72,294 dry short tons.

During the year, the mining operation was re-scheduled from a six day per week schedule to seven days per week in order to compensate for previous shortfalls in the waste stripping produc-

tion. A thirty-three day wildcat strike during the second quarter of 1974 also resulted in less than planned excavation quantities from the mine. Increased mine equipment scheduling, the unplanned wage increases as a result of the strike and the continuing escalation in supply costs, increased the costs of mine excavation. The 15 cubic yard shovel and 120 ton trucks that were placed in service late in 1973 performed well; the operating costs of this larger equipment were well within estimates so that significant reductions in the unit cost of material movement were achieved.

The expansion program to increase concentrator capacity to 10,000 tons per day, which was started in 1973, was completed during the first quarter of 1974 at a total cost of \$4,956,000. This project was completed within the original cost estimate and on schedule.

The strike mentioned previously affected mill



operations in several ways. Less than planned mill tonnages were run in 1974 and the quantities of concentrates produced were under plan. Although the design rate of 10,000 tons per day of throughput was not achieved, improvement in the daily mill tonnage continued during the last half of the year. The turnover of trained mill operators as a result of the strike affected mill performance, especially in the area of metallurgical results, both recoveries and concentrate grades. As the work force stabilized later in the year and new operators were trained, improvements in mill performance were evident both in throughput and in metallurgical results. During the year, continuing price escalation of mill supplies, such as reagents and grinding media, affected milling costs so that the search for economies in the usage of both reagents and grinding media was a constant effort on the part of management.

Drilling capacity in the mine was augmented with the acquisition of a new Marion M-4 rotary drill at a cost of \$452,000 which was placed in service during December. The addition of this equipment is designed not only to increase the drilling capabilities of the mine but also to reduce the cost per foot of blast hole drilling. A substantial investment was made in increasing the capacity of the mill tailings pond late in 1974 and this project will be completed during the summer of 1975.

Ore reserves at the end of the year were estimated at nearly 50 million tons with an average grade of 8.7% combined lead and zinc with about one ounce of silver per ton. At the current mining rate, life expectancy of these estimated reserves is approximately fourteen years.

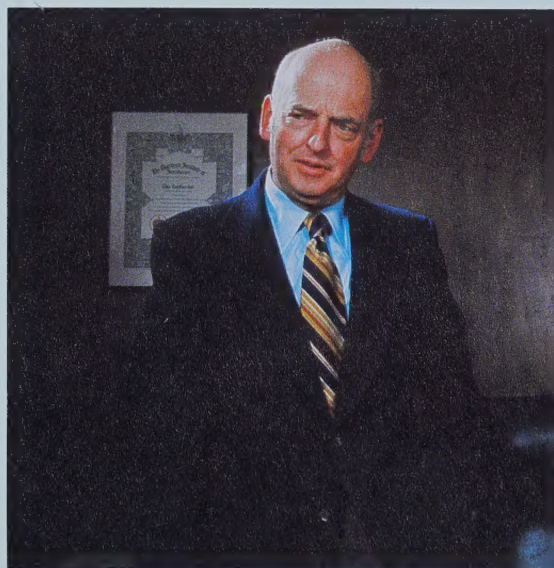
Wages and benefits paid to the 477 employees increased to \$7.2 million in 1974 as compared to \$5.2 million in 1973.

Transportation

The transporting of concentrates during 1974 from the Cyprus Anvil minesite to Skagway, Alaska, was carried out by White Pass & Yukon

Route under a long term contract. With the exception of the strike period, this haulage continued uninterrupted during the year.

Ocean transportation for more than three-fourths of the tonnage of concentrates shipped was arranged by Cyprus Anvil in vessels chartered by the Company with the remainder provided by the respective concentrate buyers. The demand for vessels in the 20/25,000 DWT range, which are utilized in the shipment of Cyprus Anvil concentrates, was strong and charter rates were at a relatively high level at the beginning of the year. The demand increased during the first half of 1974 with corresponding charter rate increases but a slow decline both in demand and in rates was seen in the second half resulting in year end levels corresponding approximately with those prevailing at the start of the year.



James F. Olk
Vice President and General Manager

The Community of Faro, Y.T.

In 1974, thirty-one additional employee housing units were constructed in Faro at a cost of \$1,672,000, bringing the total number of housing units for married employees in the town of Faro to 291. Further townsite construction and improvements are planned during 1975 at an estimated cost of \$5.5 million.

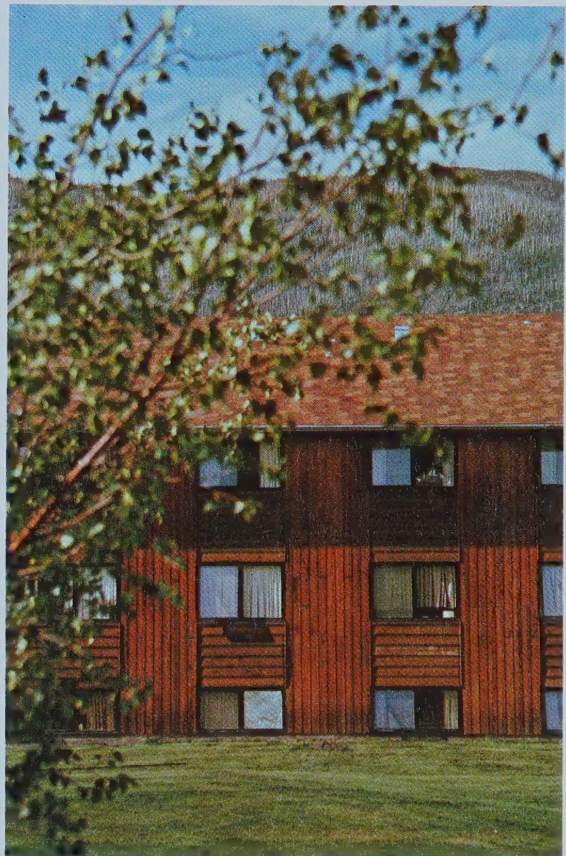
Another significant addition to the amenities in Faro was the establishment of a resident dentist. This was accomplished through the efforts of the United Steelworkers of America, Local No. 1051, and under the Dental Plan negotiated with the Com-

pany. Also, the designation of the Nursing Station as a Cottage Hospital by the Northern Health Services was accomplished as a result of work done by local residents, thereby expanding medical services to the community.

Cyprus Anvil provides a large well-equipped Recreation Centre to the Faro Recreation Association at no cost. The recreation program conducted by the Association was very active and successful during the year with a full program of sport and recreational activities under the direction of a highly qualified Recreation Director.

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Mineral Exploration

Active exploration programs were carried out by both Cyprus Anvil and Dynasty Explorations in 1974 mainly in areas of Yukon and the Northwest Territories that have emerged as major potential lead-zinc districts. Cyprus Anvil continued with geophysical surveys and test drilling of anomaly targets in the Anvil district and on the Earn Project north of the Anvil Mine. Cyprus Anvil broadened its search for lead and zinc with preliminary surveys and property evaluation on prospects in the Pelly Mountains, Mackenzie Mountains and Bonnet Plume areas. Dynasty Explorations' main projects in 1974 were the Selwyn and Reef regional programs in eastern and northern Yukon. The Selwyn Project consisted principally of evaluation of a number of lead-zinc prospects, including test drilling of a black shale horizon containing submarginal lead-zinc content adjacent to the Howard's Pass property currently under active exploration by Canex-Placer. Silver and gold-silver prospects on the Plata Project and at Mt. Freegold were explored. The projects carried out in 1974 have provided the basis for the 1975 program of Cyprus Anvil.

Anvil Project

A major part of the 1975 program will be the first stage of a deep drilling program, now in progress, to test favourable horizons underlying extensive claim holdings in the Anvil district where previous work had concentrated on the search for near-surface deposits more suited to open pit mining. The recent discovery of potentially economic grade lead-zinc mineralization at depth in the Vangorda section of the district by AEX Minerals Corporation and Kerr Addison Mines, coupled with a better understanding of the complex structural geology of the area, has provided the basis for a semi-statistical deep drilling program to thoroughly test all known and potentially mineralized zones.

Reef Project

Dynasty Explorations carried out extensive reconnaissance programs during 1973 and 1974 to

investigate lead-zinc potential in carbonate sedimentary rocks in the Mackenzie, Ogilvie and Werneke Mountains of northern Yukon and adjacent Northwest Territories. Survey and prospecting results in the Ogilvie and Werneke Mountains north of Dawson City and Mayo led to the staking of 19 claim groups on a combination of high geochemical results and lead-zinc mineral showings. Detailed exploration including diamond drilling is planned for 1975 on the three most promising prospects. A number of other properties will receive preliminary survey evaluation and reconnaissance and follow-up surveys will be completed in favourable areas.



Earn Project

Reconnaissance geological-geochemical programs initiated by Cyprus Mines Corporation in 1973 resulted in the staking of a number of claim groups covering copper-lead-zinc anomalies in volcanic sedimentary formations north of the Anvil batholith. The Dana property, situated 15 miles north of the Anvil Mine, contains the most promising of a number of copper-zinc showings that have been investigated. Detailed mapping, soil geochemical and geophysical surveys carried out in 1974 outlined a moderate induced polarization response over an extensive high intensity copper-lead-zinc geochemical anomaly. Three shallow holes drilled to test the anomaly intersected low grade copper-zinc mineralization late in 1974. Further drilling is planned in 1975 to test for higher grade mineralization within the anomalous zone and other claim areas with similar geology will receive detailed survey evaluation.

Other Projects

In addition to the major projects described above, programs in the Dawson Range and Pelly Mountains of Yukon are planned to follow-up and intensify previous property and reconnaissance surveys. Although both the Selwyn and Plata Projects will be inactive in 1975, further work will be considered in subsequent years, particularly in the Howard's Pass section of the Selwyn Project. Cyprus Anvil is also participating in a joint venture program in northern Ontario with other major mining companies in a search for massive volcanogenic sulphides in Shield greenstone belts.

The extensive technical background and data base of Cyprus Anvil, together with the established infrastructure at Faro place Cyprus Anvil in an advantageous position in its exploration. Lead, zinc and silver have sustained a relatively strong price base and, therefore, Cyprus Anvil re-

tains a positive outlook for these metals. Although the basic exploration program is mainly directed towards northwestern Canada, we are looking to other parts of Canada for exploration projects. The strong financial position of Cyprus Anvil provides a solid backing for exploration, participation and acquisition of mining prospects throughout Canada.



R.E. Gordon Davis
Senior Vice President

Total revenues for the year 1974 increased to \$128.5 million from \$112.9 million in 1973. Net earnings for 1974 were \$25,886,017, equal to \$3.40 per share, compared to \$20,252,104, or \$2.66 per share for 1973.

Increased wage costs resulting from adjustments following a thirty-three day wildcat strike in the second quarter of the year coupled with the escalating costs of production supplies partially offset the benefit of the higher metal prices prevailing in 1974.

Also in 1974, the full effect of federal income taxes was experienced for the first time. Charges against income for taxes increased to \$12,230,000 in 1974 from \$5,135,000 in 1973. The tax exempt period to which the Company was entitled expired on January 31, 1973 but allowances carried forward from prior years had softened the impact of full taxability in the remainder of that year.

During 1974 payments were made to retire the principal and interest of the obligations incurred to bring the Anvil Project into production.

A Yukon Mining Royalty payment in the amount of \$3,250,000 in respect of the year 1973 was made in 1974. This amount exceeded the total of all Yukon Mining Royalty payments collected by the Government since 1949.

During 1974 concentrates produced by Cyprus Anvil were shipped to smelters located in Canada, Japan, Germany, France, England, Italy, Australia and Yugoslavia. Most of these shipments were made under long term sales agreements with Mitsui Mining & Smelting Co. Ltd. and Toho Zinc Co. Ltd., both of Japan, and Metallgesellschaft of Germany. Due to the strike it was not possible to ship full contractual tonnages of zinc and mixed concentrates to the respective buyers in 1974.

High metal prices prevailed through most of the year. Lead was sold at an average price of 26.8 cents a pound and the average price for zinc was 37.1 cents a pound. Silver was sold at an average price of \$4.77 an ounce.



Robert L. Cook
Vice President and Treasurer

Five Year Review

Financial (thousands of dollars)	1974	1973	1972	1971	1970
Total Revenues	128,463	112,908	74,078	56,034	40,515
Provision for income taxes and royalties	15,296	8,370	828	506	—
Net income	25,886	20,252	11,422	5,004	(748)
Long term indebtedness—at year end	5,464	44,171	64,438	75,903	78,500

Marketing

Payable metal sold

Zinc—thousands of pounds	174,034	239,728	229,365	193,808	142,517
Lead—thousands of pounds	192,743	186,973	207,134	177,845	126,503
Silver—thousands of ounces	2,451	2,160	2,403	2,208	1,498

Average metal prices received

Zinc—cents per pound	37.1	27.2	17.7	16.3	14.4
Lead—cents per pound	26.8	22.2	14.1	11.8	13.6
Silver—dollars per ounce	4.77	2.81	1.77	1.50	1.78



Consolidated Balance Sheet

Cyprus Anvil Mining Corporation Balance Sheet as at December 31, 1974

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Assets	1974	1973
	\$	\$
Current assets	(000's)	(000's)
Cash and short-term deposits	1,552	4,243
Accounts receivable	755	283
Mortgage proceeds receivable	1,085	—
Concentrate settlements receivable	4,617	11,773
Concentrate inventory	7,488	3,212
Supplies—at cost	3,087	1,972
Prepaid expenses	83	39
	18,667	21,522
Investments, at cost less amount written off	347	661
Fixed assets, at cost less accumulated depreciation (note 3)	49,410	48,381
Deferred costs, at cost less amortization (note 4)	30,793	30,033
	99,217	100,597

Auditors' Report to the Shareholders

We have examined the balance sheet of Cyprus Anvil Mining Corporation (note 2) as at December 31, 1974 and the statements of contributed surplus, retained earnings, earnings and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1974 and the results of its operations and the source and use of its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
April 28, 1975

Coopers & Lybrand
CHARTERED ACCOUNTANTS

Liabilities	1974	1973
	\$	\$
Current liabilities	(000's)	(000's)
Bank loan	900	500
Accounts payable and accrued liabilities	4,142	5,019
Income taxes payable	3,250	—
Yukon mining royalty payable	3,229	3,400
Current portion of long-term debt	100	20,977
	11,621	29,896
Long-term debt		
8½%-11½% mortgages secured by townsite buildings, repayable in annual amounts to the year 2000	5,364	4,363
Other	—	18,831
Deferred income taxes (note 7)	14,115	5,135
	31,100	58,225
Shareholders' equity		
Capital stock (note 5)	3,461	3,461
Contributed surplus	4,067	4,065
Retained earnings	60,589	34,846
	68,117	42,372
	99,217	100,597

Signed on behalf of the Board



Director



Director

Statement of Contributed Surplus and Retained Earnings

Cyprus Anvil Mining Corporation Statement of Contributed Surplus for the year ended December 31, 1974

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	1974	1973
	\$	\$
	(000's)	(000's)
Balance—beginning of year	4,065	4,058
Premium arising from issue of Dynasty		
Explorations Limited shares	2	7
Balance—end of year	4,067	4,065

Statement of Retained Earnings for the year ended December 31, 1974

	1974	1973
	\$	\$
	(000's)	(000's)
Balance—beginning of year	34,846	14,638
Expense incurred during the year for		
purposes of effecting amalgamation	143	44
	34,703	14,594
Net earnings for the year	25,886	20,252
Balance—end of year	60,589	34,846

Statement of Earnings

Cyprus Anvil Mining Corporation Statement of Earnings for the year ended December 31, 1974

	1974	1973
	\$	\$
	(000's)	(000's)
Revenue		
Concentrate sales	128,463	112,908
Deduct: Ocean freight, treatment and related charges	49,963	44,388
	78,500	68,520
Operating expenses		
Production costs	26,297	24,864
Administrative and general	4,607	3,604
	30,904	28,468
Operating income before depreciation and amortization	47,596	40,052
Depreciation	2,929	2,757
Amortization	1,413	1,584
	4,342	4,341
	43,254	35,711
Other expenses (income)		
Interest income	(799)	(233)
Interest on long-term debt	1,707	3,944
Other interest	88	12
Loss (gain) on disposal of fixed assets	102	(19)
Exploration	562	305
Loss on foreign exchange	—	960
	1,660	4,969
	41,594	30,742
Provision for income taxes and Yukon royalty		
Income taxes, including deferred taxes of \$8,980		
(1973—\$5,135) (note 7)	12,230	5,135
Yukon mining royalty	3,066	3,235
	15,296	8,370
Net earnings before extraordinary items	26,298	22,372
Extraordinary items		
Loss on disposal of investment	—	430
Write-down of investment	412	1,690
Net earnings for the year	25,886	20,252
Earnings per share		
—Before extraordinary items	\$3.45	\$2.94
—After extraordinary items	\$3.40	\$2.66

Statement of Source and Use of Working Capital

Cyprus Anvil Mining Corporation Statement of Source and Use of Working Capital for the year ended December 31, 1974		1974 \$ (000's)	1973 \$ (000's)	16
Source				
Net earnings for the year		25,886	20,252	
Items not affecting working capital—				
Depreciation		2,929	2,757	
Amortization		1,413	1,584	
Deferred income tax		8,980	5,135	
Deferred waste removal		(191)	469	
Loss (gain) on disposal of fixed assets		102	(19)	
Deferred exploration and development written-off		346	160	
Shareholder interest		—	930	
Other interest		—	493	
Write down of investments and loss on sale		412	2,120	
		39,877	33,881	
Proceeds on sale of investments		—	105	
Mortgage loan		1,099	—	
Issue of capital stock		2	15	
		40,978	34,001	
Use				
Long-term debt reduction		18,929	33,563	
Fixed asset additions		4,060	8,001	
Deferred cost additions		2,328	954	
Amalgamation costs		143	44	
Investments		98	90	
		25,558	42,652	
Increase (decrease) in working capital		15,420	(8,651)	
Working capital (deficiency)—beginning of year		(8,374)	277	
Working capital (deficiency)—end of year		7,046	(8,374)	
Represented by:				
Current assets		18,667	21,522	
Current liabilities		11,621	29,896	
Working capital (deficiency)—end of year		7,046	(8,374)	

Notes to Financial Statements

Cyprus Anvil Mining Corporation Notes to Financial Statements for the year ended December 31, 1974

Note 1. Significant Accounting Policies

A. Concentrate Sales and Settlements Receivable

Concentrate sales and settlements receivable are recorded at the metal prices, weights and assays available at the year end. Final prices, weights and assays are not known on a portion of the sales until some time after the year end, accordingly amounts ultimately received may vary from those recorded.

B. Concentrate Inventory

Concentrate inventory is valued at the lower of average cost, on an annual FIFO basis, or estimated net realizable value. Average cost for each type of concentrate is determined on the joint product costing basis using relative sales values for proration of all production costs which exclude depreciation and amortization.

C. Depreciation, Amortization and Deferred Waste Removal

Depreciation and amortization are calculated on the basis of the shorter of estimated useful life or pounds of metal sold in relation to total estimated marketable pounds of metal available from the ore body.

Deferred waste removal costs arise when the waste-to-ore ratio exceeds the estimated average for the life of the mine; these deferred costs are charged to production costs in years when the waste-to-ore ratio is lower than the estimated average.

D. Mineral Exploration

The company's policy with respect to exploration of mining prospects is to defer costs and expenses incurred during the exploration period. Such costs and expenses are charged to income if the prospect is abandoned, or capitalized as cost of investment if the prospect is developed into a commercial property. Continuing reviews are made of all exploration

prospects in order to provide a reserve on any exploration prospect when appropriate.

E. Foreign Currency

Current assets and liabilities receivable and payable in foreign currencies, including the current portion of long-term debt, have been converted to Canadian dollars at the year end exchange rate of \$1 Cdn. = \$1.01 U.S. (1973 at par).

Earnings for the year include all realized foreign exchange gains and losses as well as unrealized gains and losses related to current assets and liabilities.

Revenues and expenses in currencies other than Canadian dollars have been translated into Canadian dollars at the rate prevailing on the date the transaction was initiated.

Note 2. Amalgamation

These financial statements reflect the amalgamation of Cyprus Anvil Mining Corporation (Anvil) a company which operated a lead zinc silver mine in the Yukon Territory and Dynasty Explorations Ltd. (Dynasty) a company which held a 40% interest in Anvil and was engaged in mineral exploration. As approved by the shareholders in 1974, the amalgamation was completed on April 21, 1975 and is being accounted for on the pooling of interests basis.

Under the terms of the amalgamation agreement the shareholders of Dynasty received one share of the amalgamated company, Cyprus Anvil Mining Corporation, for each share held of Dynasty, being 3,046,100 shares which totals 40% of the issued share capital of the amalgamated company. Cyprus Mines Corporation exchanged its 60% share holding in Anvil for 4,569,150 shares of the amalgamated company. Prior to the amalgamation Cyprus Mines Corporation held 235,400 shares of Dynasty. This resulted in Cyprus owning a total of 4,804,550 shares (63%) of the amalgamated company immediately following the amalgamation.

The shares of the amalgamated company were listed for trading on the Toronto and Vancouver Stock Exchanges on April 28, 1975.

The following is a financial summary of the separate companies as at December 31, 1973 and 1974, prior to amalgamation and after elimination of Dynasty's equity in the earnings of Anvil (1974 — \$10,715,000; 1973 — \$9,434,000) and other inter-company transactions:

	Anvil		Dynasty	
	1974	1973	1974	1973
	\$	\$	\$	\$
	(000's)		(000's)	
Total assets	97,759	99,113	1,458	1,484
Total liabilities	30,153	49,490	947	8,735
Concentrate sales—net	78,500	68,520		
Extraordinary items			(412)	(2,120)
Net earnings	26,775	23,683	(889)	(3,431)

Note 3. Fixed Assets

	1974		1973	
	Cost	Accumulated depreciation	Net	Net
	\$	\$	\$	\$
	(000's)	(000's)	(000's)	(000's)
Mine buildings, machinery and equipment	53,349	11,095	42,254	37,432
Construction in progress				5,122
Townsite buildings and equipment	8,753	1,597	7,156	5,827
	62,102	12,692	49,410	48,381

Note 4. Deferred Costs

	1974		1973	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
	(000's)	(000's)	(000's)	(000's)
Mineral properties, related deferred costs and pre-production costs	36,361	6,852	29,509	28,940
Waste removal	2,578	1,294	1,284	1,093
	38,939	8,146	30,793	30,033

Note 5. Capital Stock

	\$
	(000's)
Authorized —	
100,000,000 common shares, without par value	
Issued and fully paid (Note 2)	
7,615,250 shares	3,461

On April 25, 1975 the company declared a dividend of 30¢ per share payable June 27, 1975 to shareholders of record on June 9, 1975.

Note 6. Commitments

Negotiations are presently underway with the Federal Government with respect to the company's commitment to carry out studies to determine the economic feasibility of constructing a smelter to process its lead and zinc concentrates.

Note 7. Income Taxes

The variance from the customary relationship between pre-tax income and provision for income tax is principally attributable to:

- earned depletion of approximately \$3,700,000, of which an estimated \$3,000,000 will be utilized to reduce income otherwise taxable in 1974.
- Yukon royalty of \$3,066,396 which is no longer deductible in computing taxable income.
- net capital gains on repayment of long-term debt.
- losses for income tax purposes of Dynasty Explorations Limited.

Deferred income taxes aggregate \$14,115,000 as at December 31, 1974 and related principally to timing differences associated with (i) depreciation booked and the use of accelerated methods for tax purposes, and (ii) exploration and development costs deferred and amortized but deducted currently for tax purposes.

Income Taxes for 1973 have been reduced by approximately \$4,000,000 being the taxes relating to timing differences arising during the tax free period which in accordance with generally accepted accounting policies were not previously recorded in the accounts.

Note 8. Statutory Information

The aggregate direct remuneration paid or payable by the amalgamating companies during the year to their directors and senior officers, as defined by the British Columbia Companies Act, amounted to \$353,367 (1973 — \$294,673).

Directors and Officers

Directors

Aaro E. Aho
Consulting Geological Engineer

Paul W. Allen
*Executive Vice President
Cyprus Mines Corporation*

John Bruk
Chairman of the Board

R.E. Gordon Davis
Senior Vice President

Richard Grantham
*Senior Vice President and Treasurer,
Cyprus Mines Corporation*

Kenneth Lieber
*President
Cyprus Mines Corporation*

Robert E. Thurmond
President

H. Richard Whittall
*Partner,
Richardson Securities of Canada*

Charles H. Wills
*Partner,
Farris, Vaughan, Wills & Murphy*

Officers

John Bruk
*Chairman of the Board and
Chief Executive Officer*

Robert E. Thurmond
President

R.E. Gordon Davis
Senior Vice President

Gerald G. Kelly
Secretary and General Counsel

James F. Olk
Vice President and General Manager

Robert L. Cook
Vice President and Treasurer

Paul W. Allen
Vice President

Selwyn B. Jones
Vice President

Newman G. Cornish
Assistant Secretary

Larry S. Hoke
Assistant Secretary

Patrick J. McLean
Assistant Secretary

Senior Staff

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OPERATIONS

Management

James F. Olk
Vice President and General Manager
Robert H. Marshall
Assistant General Manager

Administration

Richard D. Tamboline
*Director of Personnel &
Labour Relations*
Thomas H. Biggs
Chief Accountant
Raymond Webb
Purchasing Agent
Harry Jomini
Townsite Administrator

Mine

Leonard P. Lewis
Mine Production Superintendent
Murray O. Hampton
Mine Superintendent

Mill and Metallurgical

Newman G. Cornish
Production Manager — Metallurgy
L. Peter Taggart
Mill Superintendent
P.J. Brown
Chief Metallurgist

Mechanical and Electrical Maintenance

David Marr
Mechanical Superintendent
S.D. Taylor
Electrical Superintendent

Engineering

John C. Devitt
Chief Mine Engineer

Coal Mine

Stendell Alton
Coal Mine Superintendent

EXPLORATION

J. Glenn Simpson
Exploration Manager

Corporate Directory

Principal Offices:

330 - 355 Burrard Street
Vancouver, British Columbia

801 - 1550 Alberni Street,
Vancouver, British Columbia

Registered Office and Records Office:

26th Floor - Toronto Dominion Bank Tower
700 West Georgia Street,
Vancouver, British Columbia

Mine Office:

P.O. Box 1000,
Faro, Yukon Territory

Shipping Agents:

Marcona Corporation
1 Maritime Plaza
San Francisco, California

Auditors:

Coopers & Lybrand
Royal Bank Building
1055 West Georgia Street
Vancouver, British Columbia

Solicitors:

Farris, Vaughan, Wills & Murphy
Toronto Dominion Bank Tower
700 West Georgia Street
Vancouver, British Columbia

Employees Union:

United Steelworkers of America
Local 1051
P.O. Box 280
Faro, Yukon Territory

Office & Technical Workers Union
Local 8243

United Steelworkers of America
P.O. Box 281
Faro, Yukon Territory

Registrar and Transfer Agents:

Guaranty Trust Company of Canada
540 Burrard Street
Vancouver, British Columbia

88 University Avenue
Toronto, Ontario

430 Portage Avenue,
Winnipeg, Manitoba

311 - 8th Avenue S.W.
Calgary, Alberta

2020 - 11th Avenue,
Regina, Saskatchewan

Cyprus Anvil Mining Corporation

is traded on the Toronto and
Vancouver Stock Exchanges - Symbol CYV

Annual Meeting:

The Annual Meeting of the Company
will be held on Thursday, June 19th, 1975
at 10:30 a.m. at the Queen Anne Room,
Hotel Georgia, Vancouver, British Columbia

Direct enquiries to:

Selwyn B. Jones, Vice President
330 - 355 Burrard Street
Vancouver, British Columbia
Telephone: (604) 687-2586



CYPRUS ANVL